

Macro scenario - Argentina



April 30, 2026

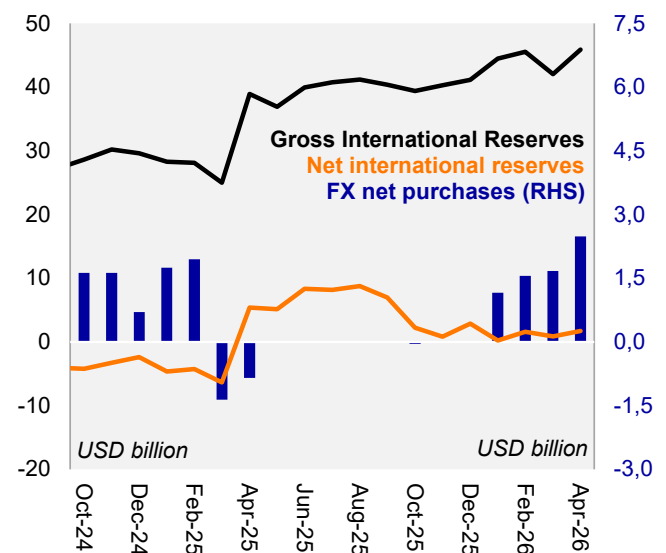
Building buffers amid persistent crosswinds

- ▶ **The central bank has stepped up its reserve-accumulation strategy, purchasing USD 7.0 bn year-to-date.** A stronger trade balance, combined with domestic financing and multilateral disbursements, should allow the country to postpone return to global capital markets in the near term.
- ▶ **We have revised our YE26 inflation forecast to 30.0% (from 27.5%), following upside surprises in 1Q26 despite a stronger ARS.** That said, disinflation should resume over the coming months, with monthly prints decelerating in line with lower fuel prices.
- ▶ **We maintain our 2026 GDP growth forecast at 3.5%, despite weak consumption in 1Q26, reflecting the acceleration in inflation and its negative impact on real wages.** The outlook remains anchored by robust investment prospects, easing financial conditions and an exceptional agricultural campaign.

Closing the USD gap

The central bank has intensified its reserve-accumulation strategy, purchasing USD 2.5bn in April and USD 7.0bn year-to-date. With peak seasonal inflows from the agricultural sector now underway, USD purchases are likely to accelerate further. Under current conditions, the USD 10bn reserve accumulation target for 2026 appears achievable—and potentially conservative, contingent on ARS demand. Gross international reserves currently stand at USD 46bn, while net reserves remain low at around USD 1.7bn, underscoring the importance of sustained FX accumulation. Notably, reserve buildups have been accompanied by a 12% real appreciation of the ARS against the USD year-to-date. The government (Treasury and BCRA) faces USD 11.0bn in maturities to the private sector over the remainder of the year, declining to USD 8.0bn assuming rollovers with multilaterals and continued domestic USD issuance. To close the remaining funding gap, authorities are negotiating loans with private banks backed by multilateral guarantees (World Bank, IDB, CAF). Officials have reiterated that accessing global markets is not part of the near-term strategy.

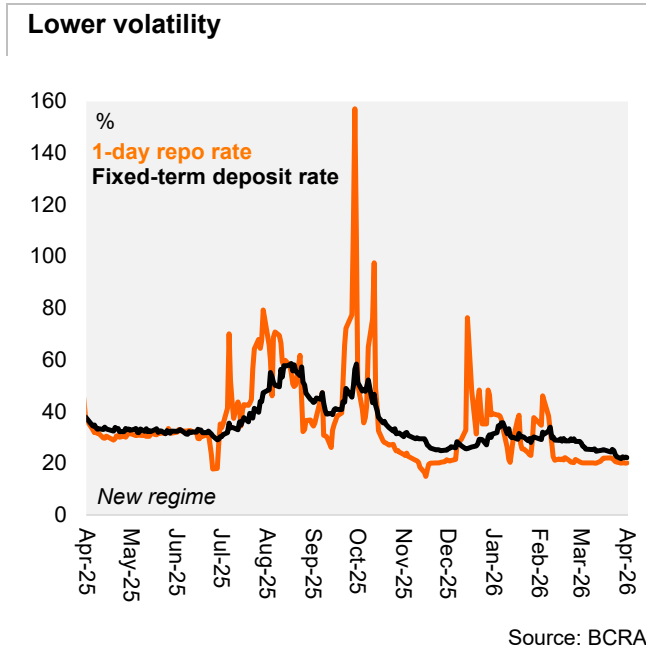
International reserves



Source: BCRA

Fine-tuning the monetary policy framework. While the BCRA has shifted its monetary policy framework toward monetary-aggregate targeting, interest rates remain a key transmission channel—albeit with higher volatility than under conventional rate-based regimes. To manage rate volatility, the central bank recently established the repo corridor, setting the 1-day lending rate at 500bps above the repo rate (currently at 20%), with the goal of containing short-term rate volatility. This move was complemented by easing daily minimum reserve requirements, improving liquidity management across the system. As a result, interest rates declined sharply in April, with the TAMAR rate averaging 23%, down from 28.5% in March and 32% in February. This

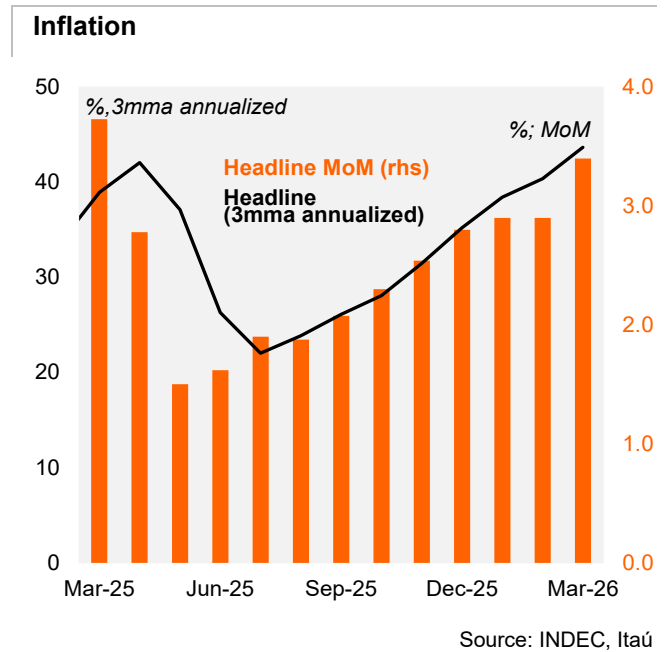
decline was driven by lower ARS depreciation expectations, despite some upward pressure on inflation at the margin.



Unpleasant inflation surprises

Consumer prices rose 3.4% MoM in March, marking a renewed acceleration at the margin. The print once again came above both the central bank survey median and our forecast (3.0% MoM), although it was directionally consistent with the upside inflation surprises observed across the region during the month. As a result, annualized quarterly inflation increased to 43.7%, from 40.4% in February. On a year-on-year basis, inflation eased slightly to 32.6% in March, from 33.1% in February 2026. Core inflation ticked up to 3.2% MoM, largely driven by higher meat prices, highlighting persistent underlying pressures. Looking ahead, inflation is expected to fall below 3.0% MoM in April, supported by the freeze in fuel prices throughout the month. However, higher oil prices suggest that the “last miles” of the disinflation process will remain challenging, particularly through potential second-round effects.

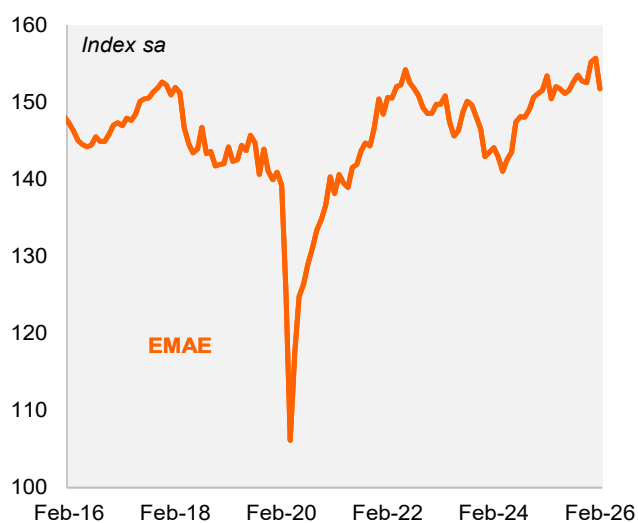
Inflation expectations have deteriorated accordingly. The latest BCRA survey shows 12-month ahead inflation expectations at 23.8%, up from 22.3% in February and 20.1% at end-2025.



Activity remains weak, consumption the main drag

Economic activity contracted sharply on a sequential basis in February. The EMAE (monthly GDP proxy) fell 2.6% MoM/SA, the steepest decline since December 2023, underscoring a loss of momentum early in 2026. As a result, activity growth eased to 0.9% QoQ/SA as of February from 1.0% QoQ/SA in January, still flattered by a strong statistical carryover from December (+1.8% MoM). On an annual basis, output declined 2.1% YoY in February, while activity for the rolling quarter expanded 1.0% YoY, down from 2.0% YoY in 4Q25. **High-frequency data point to a rebound in March, led by manufacturing, construction and mining.** However, consumption remains a clear laggard, with retail sales and consumer confidence still weakening as labor income continues to drag on purchasing power. Real wages declined 4.1% YoY in February and 3.1% YoY on a quarterly basis, reflecting the renewed acceleration in inflation—which intensified further in March. This backdrop limits the scope for a consumption-led recovery in the near term.

Economic activity. GDP proxy



Source: INDEC

Higher inflation hits domestic demand

We maintained our 2026 GDP growth forecast at 3.5%, supported by a constructive investment outlook, lower interest rates, and a record agricultural harvest.

We revised our YE26 inflation forecast to 30.0% (from 27.5%), largely reflecting higher-than-expected prints in 1Q26, even amid a stronger ARS.

At the same time, the recent decline in nominal interest rates, together with improvements in the monetary policy framework, led us to lower our TAMAR rate forecast to 26.0%, from 30.0%

previously, pointing to a more accommodative financial backdrop.

We continue to expect the exchange rate to remain within the FX band throughout the year, with the ARS ending 2026 around ARS/USD 1,700. This outlook is underpinned by a stronger supply of foreign currency from the external sector, driven by a wider trade surplus and rising FDI inflows, given the initial disbursements under the large investment regime (RIGI).

Against this backdrop, building precautionary buffers ahead of the 2027 general election remains prudent, particularly given elevated private-sector debt maturity. As observed in 2025, periods of heightened political uncertainty can trigger higher market volatility and increased portfolio dollarization, adding noise to the macro backdrop. Looking ahead, the challenge intensifies in 2027, when the government faces around USD 20bn in private-sector debt maturities, reinforcing the case for precautionary liquidity management. Against this backdrop, expectations of continued financial and political support from the United States should remain a key stabilizing factor, helping to prevent—and, if needed, contain—episodes of market stress.

**Andrés Pérez M.
Diego Ciongo
Soledad Castagna**

Argentina | Forecasts and Data

	2022	2023	2024	2025	2026F		2027F	
					Current	Previous	Current	Previous
Economic Activity								
Real GDP growth - %	6.0	-1.9	-1.3	4.4	3.5	3.5	3.0	3.0
Nominal GDP - USD bn	633.5	605.8	637.3	671.5	798.9	798.9	790.3	790.3
Population (millions)	46.2	46.6	47.1	47.5	47.9	47.9	48.3	48.3
Per Capita GDP - USD	13,705	12,987	13,539	14,144	16,689	16,689	16,371	16,371
Unemployment Rate - year avg	6.8	6.1	7.2	7.4	7.5	7.5	7.5	7.5
Inflation								
CPI - %	94.8	211.4	117.8	31.5	30.0	27.5	25.0	21.0
Interest Rate								
Reference rate - eop - %	75.00	100.0	32.0	27.00	26.00	30.00	25.00	25.00
Balance of Payments								
ARS / USD - eop	177.10	809	1033	1459	1700	1700	2100	2000
Trade Balance - USD bn	6.9	-6.9	18.9	11.3	14.0	14.0	12.0	12.0
Current Account - % GDP	-0.6	-3.4	0.9	-1.1	-1.5	-1.5	-2.5	-2.5
Foreign Direct Investment - % GDP	2.4	4.1	1.8	0.5	2.0	2.0	2.0	2.0
Gross International Reserves - USD bn	44.6	23.1	29.6	41.2	52.0	52.0	55.0	55.0
Net International Reserves - USD bn	8.9	-9.6	-4.9	2.9	6.0	6.0	6.0	6.0
Public Finance								
Primary Balance - % GDP	-2.4	-2.7	1.8	1.4	1.5	1.5	1.5	1.5
Nominal Balance - % GDP	-3.8	-4.4	0.3	0.2	0.3	0.3	0.0	0.0
Gross Public Debt - % GDP	87.7	161.9	85.4	80.6	78.9	83.4	77.7	82.5
Net Public Debt - % GDP	48.7	91.8	46.7	46.1	45.6	47.4	45.4	47.3

Source: Central Bank, INDEC and Itaú

Macro Research – Itaú

Mario Mesquita – Chief Economist

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